14 May 1982

RUGRO B.V.
The Netherlands

_____ 1982

Philip Morris Incorporated
120 Park Avenue
New York, N.Y. 10017
U.S.A.

Supplemental Agreement
to the
Cartier Sublicense

Dear Sirs:

We refer to the Sublicense Agreement dated today between ourselves, Rugro B.V. ("Sublicensor") and you, Philip Morris Incorporated ("Sublicensee"), in respect of rights to use the CARTIER and certain other trademarks for tobacco products in the United States of America and specified countries in Latin America. Terms defined in the Sublicense Agreement are used in this Supplemental Agreement with the same meanings given to them in the Sublicense Agreement.

We agree that the terms of the Sublicense Agreement are supplemented by the following provisions:

A. Royalty Rate. With reference to paragraph 1 of Annex C of the Sublicense Agreement, it is the intent of the parties that the net royalty to be received by the Sublicensor will exceed by a minor margin the sum of the income taxes payable by the Sublicensor on such royalties in the jurisdiction in which it is resident for tax purposes plus the amount of royalty payable by the Sublicensor to the Licensor with respect to sales made by the Sublicensee under the Sublicense Agreement, in accordance with the rates and other terms set forth in Schedule B to the Licence Agreement as in effect on the date hereof or as modified with the consent of the Sublicensee.

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The parties agree that the royalty rate payable by the Sublicensee is subject to renegotiation in respect of any country or area in the Sublicense Territory if in such country or area devaluation, price control or government action of any kind has the effect of making the above mentioned royalty rates inadequate or excessive to cover the sub-licensors expenses in accordance with the intent expressed in the preceding paragraph.

B. Minimum Royalties. With reference to paragraph 2 of Annex C of the Sublicense Agreement, the Sublicensee agrees that, if in any year during the term of the Sublicence Agreement the total amount of royalties payable by the Sublicensor to the Licensor is less than the minimum royalty due for such year, then the Sublicensee agrees to pay to the Sublicensor an amount equal to:

- [ ] / 24th in 1982,

  [Note the numerator in the above fraction will be the number of months in 1982 during which this Sublicence Agreement shall be effective].

- one half in each full year thereafter during the term of this Sublicense Agreement, and

- in the last year (if not a full year) prior to the termination of this Sublicense Agreement, a fraction equal to the number of months during which this Agreement is in effect divided by two times the number of months in such year in which the Licence Agreement is in effect,

of the difference between the amount of minimum royalties due to the Licensor under the Licence Agreement and the total royalties payable by the Sublicensor to the Licensor in such year under the Licence Agreement.

C. Indexing of the Royalties. With reference to paragraph 3 of Annex C of the Sublicence Agreement, the Sublicensor declares that it was the intention of the parties to the Licence Agreement that the indexing of the royalty rate as well as the minimum royalties payable under the Licence Agreement would be done with reference to the equivalent U.S. dollar values of selling prices stated in currencies other than dollars. The Sublicensor and the Sublicensee agree that with respect to (a) the royalty payable by the Sublicensee pursuant to paragraph 1 of Annex C of the Sublicense Agrement and (b) the royalties and minimum royalties payable under the Licence Agreement in connection with the calculation of the amount payable by the Sublicensee in respect of minimum royalties pursuant to clause B of this Supplemental Agreement, the indexing of such amounts shall be carried outusing the following elements:

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(i) the net selling price shall be the weighted (by number of cigarettes sold) average manufacturer's selling price of cigarettes sold under the Trademarks to wholesalers in the Territory less all governmental levies, and

(ii) any prices stated in a currency other than U.S. dollars shall be converted into dollars at the rate at which such currency could be sold for dollars to Citibank, N.A. (or another major international bank agreed to by the parties) in New York City on the day for which the cigarette selling price is quoted for the purpose of such indexing.

D. Substitute Parties. With reference to paragraph 5 of Annex C of the Sublicence Agreement, as an alternative to revising the royalty rates in the course of any renegotiation, the parties agree to consider and effect one or more of the following measures:

(i) the assignment of all or a portion of the Sublicensor's rights under the Sublicence Agreement by Rugro to one of its subsidiaries, affiliates or associated companies;

(ii) the assignment of all or a portion of the Sublicensee's rights under Sublicence Agreement by Philip Morris to one of its subsidiaries, affiliates or associated companies;

or

(iii) the replacement of the applicable portion of the Sublicensee's rights under the Sublicence Agreement by a direct sublicence agreement between the Sublicensor and one of the Sublicensee's subsidiaries, affiliates or associated companies, containing substantially the same terms and conditions as set forth herein;

in any case and for any country where such action would be necessary or useful in enabling Philip Morris or one of its subsidiaries, affiliates, or associated companies to obtain any necessary governmental approval for a licence for local manufacture, distribution or sale, or where such action would reduce the total cost to Philip Morris and its affiliates taken as a whole as a result of local laws or regulations applicable to trademark licences or the payment or taxation of royalties.

E. Taxation. With reference to paragraph 6 of Annex C of the Sublicence Agreement, we agree that governmental levies against payments of normal royalties and minimum royalties shall be borne by the Sublicensee, except to the extent that such taxes imposed in the Sublicence Territory are creditable by the Sublicensor against other taxes payable by Sublicensor with respect to such royalties or to

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the extent that Sublicensor's other taxes are reduced because such taxes imposed in the Sublicence Territory are deductible or for other reasons.

Sublicensor shall advise Sublicensee of the extent to which it is able to obtain a credit against, or reduction in taxes resulting from a deduction in computing its own taxes with respect to any such taxes or other charges imposed by or under the authority of the government of the United States of America or any of its States, municipalities, and other political subdivisions. If deduction of such taxes imposed in the Sublicence Territory from royalty payments is made, Sublicensee shall promptly furnish to Sublicensor original receipts evidencing the payment of such taxes. Sublicensor shall provide to Sublicensee, on a timely basis, all appropriate certificates or other documents which indicate it is entitled to exemption from or reduction in applicable taxes under a treaty with the United States of America.

F. Indemnification for early Termination. With reference to clause 16 of the Sublicence Agreement, if the Licence Agreement is terminated by Cartier pursuant to clause 20 thereof and the Sublicence Agreement is thereby also terminated (other than for reasons of a breach caused by an act or failure to act by Sublicensee), then Sublicensor shall indemnify Sublicensee for [estimated lost of profits] relating to the exploitation of the Trademarks under the Sublicence Agreement in the Sublicence Territory during the period from the date of termination of the Licence Agreement and the Sublicence Agreement until the earliest date on which Sublicensor could have terminated the Sublicence Agreement. If the Licence Agreement is terminated by Cartier pursuant to clause 20 thereof for reasons of breach caused by an act or failure to act by Sublicensee, Sublicensee shall indemnify Sublicensor for [estimated lost profits] relating to the exploitation of the Trademarks in the territory covered by the Licence Agreement other than the Sublicence Territory for the period from the date of termination of the Licence Agreement until the earliest date on which the Licensor could have voluntarily terminated the Licence Agreement.

If the foregoing is acceptable to you, please indicate your agreement by signing two copies of this Supplemental Agreement and returning one copy to us.

Sincerely,

RUGRO B.V.

By _____
Authorized Signatory

Accepted and agreed,

PHILIP MORRIS INCORPORATED

By _____
Vice President

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